

Message Text

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PAGE 01 KIGALI 00594 120747Z

13

ACTION AF-08

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FPC-01 INT-05 OMB-01 SAM-01 OES-06 STR-04 TRSE-00

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R 111046Z AUG 76

FM AMEMBASSY KIGALI

TO SECSTATE WASHDC 4198

INFO AMEMBASSY BUJUMBURA

AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

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E.O. 11652: N/A

TAGS: PFOR, ENRG, RW, KE

SUBJECT: FONMIN DISCUSSES RWANDAN "ECONOMIC CRISIS"

REF KIGALI 571

1. SUMMARY: IN WEEKEND PRESS CONFERENCE MIN FOREIGN AFFAIRS AND COOPERATION NSEKALIJE OUTLINED CAUSES, EFFECTS, AND GOR EFFORTS RESOLVE ECONOMIC CRISIS RESULTING FROM KENYA/UGANDA BORDER PROBLEMS. INITIAL COMMENTS FOLLOWED BY QUESTION-AND-ANSWER PERIOD RESULTED FIRST COMPREHENSIVE PUBLIC STATEMENT BY GOR ON SITUATION.

2. CAUSES: ALTHOUGH GOR CONDEMNS ISRAELI RAID ENTEBBE AS BREACH INTERNATIONAL LAW AND FORM OF TERRORISM IN ITSELF, IT BELIEVES KENYA/UGANDA DISPUTE HAS BEEN EXACERBATED BY ONE-SIDED/INFLAMMATORY PRESS REPORTING WHICH PREVENTED QUICK DEFUSING AFTER-EFFECTS ENTEBBE.

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PAGE 02 KIGALI 00594 120747Z

EM EFFECTS: MIN STATED THAT CURRENT CRISIS REAL AND SEVERE ALTHOUGH MUCH OF ITS EFFECT MAY NOT BE FELT IMMEDIATELY. IMPORTS POL PRODUCTS, RICE, WHEAT FLOUR, BUILDING MATERIALS, SOAP, CIGARETTES, MEDICINES, AND SUPPLIES FOR RWANDA'S BREWERY HAVE BEEN GREATLY REDUCED. JULY IMPORTS POL PRODUCTS DOWN 59 PERCENT FROM PREVIOUS MONTH EVEN THOUGH BURUNDI HAS FURNISHED SOME GASOLINE FROM ITS OWN SMALL STOCKS. (FYI - GOR OFFICIAL STATED PRIVATELY GASOLINE RESERVES AUG 10 TOTAL ONLY 12 THOUSAND LITERS COMPARED TO MONTHLY USAGE 1.5 MILLION LITERS.) MERCHANDISE IMPORTS JULY DOWN 47 PERCENT FROM EXPECTED LEVEL 12,000 TONS. GOR CUSTOMS WAREHOUSE HAS ONLY ONE-THIRD ITS NORMAL 3000 TONS MERCHANDISE AWAITING CLEARANCE WHILE 3000 TONS PERISHABLE ITEMS STRANDED MOMBASA. IMMEDIATE IMPACT IMPORT SHORTFALL BEING FELT PRINCIPALLY IN CONSTRUCTION (ROADS) AND INTERNAL COMMERCIAL SYSTEM.

4. GOR EFFORTS AT RESOLUTION: GOR HAS SENT AND CONTINUES SEND DELEGATIONS (THREE-MAN TEAM DEPARTING FOR NAIROBI AUG. 11) TO KENYA, UGANDA, TANZANIA, AND BURUNDI TO SEEK DIRECT AID AND ATTEMPT HAVE ITEMS DESTINED FOR RWANDA EXEMPTED FROM KENYA-UGANDA FEUD. EEC COMMISSION ALSO APPROACHED FOR AID AND FONMIN DID NOT PRECLUDE APPROACH TO INDIVIDUAL EUROPEAN GOVTS (HE MADE NO MENTION U.S.). NET RESULTS THIS ACTIVITY HAVE NOT BEEN GREAT. KENYA CLAIMS THERE NO BLOCKADE AND UGANDA SHOULD BE TAKEN TO TASK. UGANDA CLAIMS IT BLOCKADED BY KENYA AND CAN DO NOTHING. TANZANIA HAS SHIPPED 2 MILLION LITERS GASOLINE TO MWANZA BUT CONDITION OF ROAD THERE TO RWANDA VIRTUALLY PRECLUDES ONWARD SHIPMENT IN MEANINGFUL QUANTITIES. BURUNDI HAS PROVIDED SOME GASOLINE FROM ITS OWN MEAGER STOCKS BUT SHIPMENTS MORE SYMBOLIC THAN SUBSTANTIVE. EEC COMMISSION HAS PROMISED AID (PROBABLY ON TANZANIAN ROAD LINK) BUT HAS ASKED FOR ADDITIONAL INFORMATION ON MAGNITUDE OF PROBLEM.

5. COMMENT: WHILE ADMITTING EXISTENCE PRECARIOUS ECONOMIC SITUATION BY RELYING ON UGANDAN TRANSIT OF 85 PERCENT EXTERNAL COMMERCE, RWANDA HAS IN PAST ATTEMPTED KEEP PIPELINE OPEN BY STAYING ON AMIN'S GOOD SIDE (DIFFICULT IN THE BEST OF TIMES). LATEST CRISIS BEGINNING IN FEBRUARY AND WORESENING LIMITED OFFICIAL USE

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PAGE 03 KIGALI 00594 120747Z

SINCE ENTEBBE, HOWEVER, HAS MADE CLEAR NECESSITY OF HIGH-VOLUME ALTERNATE SUPPLY ROUTE. EFFORTS NOW BEING MADE TO FIND FINANCING NECESSARY TO STRAIGHTEN AND PAVE THE 240 KM ROAD FROM ISAKA RAILHEAD IN TANZANIA TO TIE IN WITH PRC-BUILT ROAD FROM KIGALI TO RUSUMO ON TANZANIA BORDER. BEFORE THIS ROUTE COULD HANDLE MAJOR PORTION RWANDAN IMPORTS, PORT FACILITY ENLARGEMENT AT DAR ES SALAAM WOULD HAVE TO BE COMPLETED. IN SHORT TERM, HOWEVER, RWANDA WILL CONTINUE

DEPEND UPON WHAT FONMIN DESCRIBED AS "INCOMPARABLE COURAGE
AND STOIC RESIGNATION OF THE RWANDAN PEOPLE."
SIKES

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